
SENATE BILL No. 256

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20.6.

Synopsis: Credit for excessive residential property taxes. Provides the following with respect to the credit for excessive residential property taxes: (1) Eliminates the county option as to whether to apply the credit. (2) Provides that the credit applies only to homesteads. (3) Eliminates the authority for a county to borrow to cover revenue reductions that result from application of the credit and to levy property taxes to repay the loans. (4) Requires the county auditor to notify each political subdivision of those reductions. (5) For taxes payable in 2006, allows a county fiscal body to adopt an ordinance, before 2006 tax statements are issued, authorizing the credit under the law as it applied before the amendments under this act.

Effective: Upon passage.

Landske, Mrvan

January 9, 2006, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

SENATE BILL No. 256

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-20.6-7, AS ADDED BY P.L.246-2005,
2 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 7. ~~If the~~ **A person is entitled to a credit** under
4 ~~this chapter is authorized under section 2 of this chapter~~ for property
5 taxes first due and payable in a calendar year:

6 (1) ~~a person is entitled to a credit~~ against the person's property tax
7 liability for property taxes first due and payable in that calendar
8 year attributable to the person's ~~qualified residential property~~
9 **homestead** located in the county; and

10 (2) ~~the amount of the credit is in~~ the amount by which the person's
11 property tax liability attributable to the person's ~~qualified~~
12 ~~residential property homestead~~ for property taxes first due and
13 payable in that calendar year exceeds two percent (2%) of the
14 gross assessed value that is the basis for determination of property
15 taxes on the ~~qualified residential property homestead~~ for property
16 taxes first due and payable in that calendar year.

17 SECTION 2. IC 6-1.1-20.6-8, AS ADDED BY P.L.246-2005,

2006

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SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
UPON PASSAGE]: Sec. 8. A person is not required to file an
application for the credit under this chapter. The county auditor shall:

- (1) identify ~~qualified residential property~~ **homesteads** in the
county eligible for the credit under this chapter; and
- (2) apply the credit under this chapter to property tax liability on
the identified ~~qualified residential property~~ **homesteads**.

SECTION 3. IC 6-1.1-20.6-9, AS ADDED BY P.L.246-2005,
SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
UPON PASSAGE]: Sec. 9. (a) The fiscal body of a county may adopt
an ordinance to authorize the county fiscal officer to borrow money
repayable over a term not to exceed five (5) years in an amount
sufficient to compensate the political subdivisions located wholly or in
part in the county for the reduction of property tax collections in a
calendar year that results from the application of the credit under this
chapter for that calendar year.

(b) The county fiscal officer shall distribute in a calendar year to
each political subdivision located wholly or in part in the county loan
proceeds under subsection (a) for that calendar year in the amount by
which the property tax collections of the political subdivision in that
calendar year are reduced as a result of the application of the credit
under this chapter for that calendar year.

(c) If the county fiscal officer distributes money to political
subdivisions under subsection (b); the political subdivisions that
receive the distributions shall repay the loan under subsection (a) over
the term of the loan. Each political subdivision that receives a
distribution under subsection (b):

(1) shall:

(A) appropriate for each year in which the loan is to be repaid
an amount sufficient to pay the part of the principal and
interest on the loan attributable to the distribution received by
the political subdivision under subsection (b); and

(B) raise property tax revenue in each year in which the loan
is to be repaid in the amount necessary to meet the
appropriation under clause (A); and

(2) other than the county, shall transfer to the county fiscal officer
money dedicated under this section to repayment of the loan in
time to allow the county to meet the loan repayment schedule.

(d) Property taxes imposed under subsection (c)(1)(B) are subject
to levy limitations under IC 6-1.1-18.5 or IC 6-1.1-19.

(e) The obligation to:

(1) repay; or

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(2) contribute to the repayment of;
 the loan under subsection (a) is not a basis for a political subdivision
 to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(f) (a) The application of the credit under this chapter results in a
 reduction of the property tax collections of each political subdivision
 in which the credit is applied. A political subdivision may not increase
 its property tax levy to make up for that reduction.

(b) The county auditor shall in each calendar year notify each
 political subdivision in which the credit under this chapter is
 applied of the reduction referred to in subsection (a) for the
 political subdivision for that year.

SECTION 4. THE FOLLOWING ARE REPEALED [EFFECTIVE
 UPON PASSAGE]: IC 6-1.1-20.6-1; IC 6-1.1-20.6-4; IC 6-1.1-20.6-5;
 IC 6-1.1-20.6-6.

SECTION 5. [EFFECTIVE UPON PASSAGE] (a)
 Notwithstanding IC 6-1.1-20.6-6, as in effect on January 1, 2006, a
 county may adopt an ordinance under this SECTION to apply the
 credit authorized by IC 6-1.1-20.6, as in effect on January 1, 2006,
 to property taxes first due and payable in 2006.

(b) If a county has not issued property tax statements under
 IC 6-1.1-22-8 to the persons liable for property taxes in the county
 for property taxes first due and payable in 2006, the county fiscal
 body may adopt an ordinance to apply the credit under
 IC 6-1.1-20.6, as in effect on January 1, 2006, to the property taxes
 first due and payable in 2006. A county fiscal body may not adopt
 an ordinance under this subsection after statements are issued
 under IC 6-1.1-22-8 for the property taxes first due and payable in
 2006.

(c) Except as provided in subsection (a), IC 6-1.1-20.6, as in
 effect on January 1, 2006, applies to a credit authorized by an
 ordinance passed under this SECTION.

(d) This SECTION expires January 1, 2007.

SECTION 6. [EFFECTIVE UPON PASSAGE] IC 6-1.1-20.6-7,
 IC 6-1.1-20.6-8, and IC 6-1.1-20.6-9, all as amended by this act,
 apply only to property taxes first due and payable after December
 31, 2006.

SECTION 7. An emergency is declared for this act.

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